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28 July 1952

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CURRENT INTELLIGENCE DIGEST

Office of Current Intelligence

CENTRAL INTELLIGENCE AGENCY

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GENERAL

1. Brazilian Ambassador wants West to work for unity with Arab-Asian countries in UN: The Brazilian Ambassador to the United Nations, Carlos Muniz, believes that the Western theme in the next General Assembly should be that of developing greater solidarity among the free world members, including in particular the Arab-Asian countries. This approach, he feels, offers the best means of combatting Communist aggression and the intensified hate campaign, and of imparting the conviction that the UN is not paralyzed by the East-West crisis.

The Ambassador suggests concentration on constructive policies which offer least objections to the Arab and Asian delegations, such as action in the economic and social fields. He recommends that emphasis not be placed on the concept of "Western civilization" as a general UN concern, and that every possible effort be made to avoid an open split with the Arab-Asian nations on colonial issues.

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Comment: Muniz is generally regarded as an able and influential diplomat. His recommendations, which should find support among the Latin American countries, are in keeping with a "new principle," defined by him, of granting small countries the right to have matters "which they feel of interest to them" discussed in the UN.

SOVIET UNION

2. Pravda attacks Danish Government plan for NATO bases: A recent Pravda article attacked the Danish Government's plan for NATO bases and castigated the presumed use of Bornholm by American troops in the forthcoming Baltic maneuvers.

Danish Defense Minister Peterson has pointed out that US forces will not participate in the maneuvers; and that, in any

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case. Danish sovereignty over Bornholm cannot be disputed.

Comment: Recent speeches by prominent Danish officials suggesting that Denmark is now more inclined to grant bases for NATO use undoubtedly prompted the Pravda attack.

The USSR has generally avoided criticism of Denmark in regard to NATO, probably fearing that the Danes would clamp down on the use of Copenhagen as a Soviet-Satellite base for international Communist meetings. The Soviet Union may now consider that the recent Danish refusal to grant visas to Satellite delegates to the Conference for the Peaceful Solution of the German Question and refusal to permit establishment of a permanent trade group growing out of the Moscow Economic Conference eliminates the necessity of such a cautious policy. 25X1

4. Agricultural officials reproved for laxities in machinery maintenance: The US Embassy in Moscow reports that a recently published order of the Soviet Minister of Agriculture, I. A. Benediktov, demanded that serious abuses to agricultural machinery be immediately remedied. Criticism was specifically levelled against the Machine Tractor Stations in Chernogov,

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Alma-Ata and Novosibirsk oblasts, and the oblast agricultural administrations were ordered to furnish "investigating organs" with full particulars. In addition, the Deputy Ministers of Agriculture in the Republics of the Ukraine and Kazakhstan and the Deputy Chief of the Novosibirsk Agricultural Administration were warned that any such irregularities in the future would cause them to face trial on serious charges.

The Embassy comments that although complaints of improper maintenance of agricultural machinery are not uncommon, in this case continued malpractices have apparently caused serious damage to costly equipment. [redacted]

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5. Recent gains reported in Soviet agriculture: According to the Second Quarterly Report of the Soviet Central Statistical Administration, the seeding plan for 1952 was overfulfilled and spring seeding accomplished more rapidly than last year. Acreage in wheat, cotton, sugar beets and technical crops was in excess of 1951, and perennial grasses, root and silage crops also have increased significantly. [redacted]

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Comment: Much contained in the Agricultural Section of this report bears a striking resemblance to the Second Quarterly Report of 1951.

It appears that because of the comparatively greater gains in heavy industry, the agricultural figures have been generalized to camouflage the lower percentage gains in this sector.

EASTERN EUROPE

6. Religious reasons alleged in deportations in eastern Hungary: The deportation of fifteen families from a north-eastern Hungarian village was attributed [redacted] to a quarrel with the local council over registration for religious instruction.

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[redacted] at least one family had been deported from Bekescsaba in the eastern borderland, allegedly for the same reason. According to the US Legation in Budapest, this is the first instance of deportations from this city. [redacted]

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Comment: These deportations probably spring from the recently approved party line calling for class war against priests and kulaks. However, recent broadcasts from Budapest have indicated that priests and kulaks are being blamed for peasant resistance to governmental grain collections in Eastern Hungary, where drought conditions and low yields appear to prevail. A recent broadcast charged the priest who also was chairman of the farmers' cooperative of a village north of Bekescsaba with sabotage of the grain collection, apparently because he called on peasants to pray for rain. The radio declared that the local climate always had been dry and asserted that the village's "toughest" inhabitants -- the 200 party members -- would see to collecting grain. Another broadcast reported the arrest in a village east of Bekescsaba, of a former gendarmerie sergeant major who "incited against" grain collections at a peasant meeting apparently called to protest on-the-spot collections by local authorities.

Local councils have been charged with opportunism, tolerance of religion and pampering of kulaks in several eastern and southeastern counties.

7. Greek officials bring back pessimistic report on conditions in Yugoslavia: Ambassador Peurifoy reports the following general impressions formed by Greek parliamentary deputies during their good-will tour of Yugoslavia this month:

1. Yugoslav Government circles are extremely sensitive to the danger of American intervention in their affairs. All Yugoslavs realize the grave need for American military equipment but have resolved to avoid American domination at all costs.

2. Yugoslav officials have a good opinion of Britain, and would prefer the presence of British officers to Americans.

3. The Tito regime is tolerated by the people only because of their greater hate and fear of the Kremlin. Discontent even exists throughout the Yugoslav Communist Party, approximately one third of which is believed to favor Stalin.

4. The Yugoslav army could be effective only in guerrilla warfare, because of lack and ignorance of modern equipment and a dearth of experienced officers.

5. The general standard of living throughout Yugoslavia is "amazingly low."

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6. Yugoslavs wished to improve their relations with Greece, but "scarcely even mentioned Turkey." [redacted]

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Comment: Yugoslav suspicions and fears of "great power" domination are generally well known. Belgrade's negative reaction to some of the provisions in the recent tripartite aid note is an excellent example of this phobia.

The precise extent and seriousness of Cominformism in the party is not known. Competent American observers, however, generally believe that it does not constitute a serious threat to the regime. Most Cominformists are believed to be found among the more doctrinaire elements in the lower and middle levels of the party.

General living conditions are poor but have improved perceptibly since the period of economic crisis resulting from the Cominform break in 1948 and the drought of 1950.

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FAR EAST

8. Japanese prefer joining COCOM: In reply to a State Department proposal to establish a Far Eastern export control body, separate from COCOM, the Japanese Foreign Office has informally replied that it still prefers to join COCOM while at the same time furthering organizational preparations for a Far Eastern set-up. The Foreign Office points out that if joint action by those free nations concerned with control of exports to Communist China can be coordinated under the suggested organization within a reasonable time, it has no objection in principle to the American proposal.

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Comment: At the five-power multilateral conference to be held in Washington beginning 28 July, the United States will propose that a separate Far Eastern control organization be set up to parallel the European COCOM. The Japanese, as well as the French and British, have already indicated their preference for Japan's direct participation in the existing organization.

The Japanese have continued to maintain the occupation-imposed controls on exports to Communist China despite strong internal, political and commercial pressure to reduce them to the level of the Western nations. Unless permitted to join COCOM, the government probably will be forced to make such reductions prior to the elections expected this fall.

9. Leftists consolidate control over Japanese labor: Leftist leadership in Sohyo, Japan's largest labor organization, was consolidated during the national convention which ended on 25 June as left-wingers were elected to the top executive posts. A rightist resolution to join the ICFTU was decisively defeated 164 to 42. The convention also voted to back the left-wing socialists during the coming general elections.

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The American Embassy comments that the leftist victory creates an acute possibility of a split in Sohyo.

Comment: A trend toward leftist control in Sohyo was noticeable as early as last April, when the government attempted to revise labor legislation.

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Rightist socialists, whose influence in the labor union movement is impaired by the convention's decisions, will probably support any right-wing labor attempts to break away from Sohyo's present leadership.

10. North Koreans reportedly reorganize armored strength:

His former unit, [redacted] was an armored regiment

He further revealed that there were two other armored regiments in western Korea and one in eastern Korea, and that they are in the cadre stage and will begin a training cycle about 1 August with replacements.

The Far East Command, relying on this preliminary interrogation and upon other intelligence reports recently received, accepts the deactivation of the North Korean 105th Armored Division and the activation of a number of independent armored regiments subordinate to a "Mechanized Branch Headquarters."

11. Chinese Communist Party tightens grip on Manchuria:

Recent appointments and removals announced by the Peiping regime show the Chinese Communist Party tightening its grip over the governments of the Northeast District and the Inner Mongolian Autonomous Region, which together constitute the area popularly known as Manchuria.

These personnel changes have affected the governors and vice governors of four of the six provinces of Northeast China, and of Suiyuan Province, seat of the Inner Mongolian Autonomous Government. They have also involved the mayors of four major cities of the Northeast and other important functionaries there and in Inner Mongolia.

The changes illustrate an increasing tendency on Peiping's part to install provincial and municipal secretaries of the Chinese Communist Party into governorships, mayoralties and other key positions in the regional governments. These party secretaries are often political commissioners of the armed forces in their areas as well, thus assuring party control of the civil and military authorities.

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12. Improvement in Manchurian airfields reported: A recent listing by the Air Force of airfields in Manchuria includes 189 fields, of which 80 have runways over 4,000 feet long and 19 are suitable for sustained jet operations.

Comment: In July 1951 the Air Force listed 183 airfields in Manchuria: only 64 were over 4,000 feet, and 18 were suitable for sustained operations by jet fighters.

14. Western shipping in China trade doubled in early 1952: The number of non-Communist registered merchant vessels trading with Communist China increased from 43 in December 1951 to 82 in April. Gross tonnage increased during the period, from 188,000 to 430,000 tons, as well as the size of the ships in this trade.

While many of these ships are owned by British firms and Greek cartels, the Chinese Communists are the suspected owners of 17 vessels, engaged only in coastwise trade, registered by Great Britain, Panama and Honduras.

Comment: Non-Communist registered vessels in the China trade averaged 620,000 gross tons a month from July 1950 to June 1951. This figure dropped steadily in the last half of 1951 to a low in December, but there has been an upward trend in the first four months of 1952. The decline in western-flag shipping in the past year coincides with an increase in Soviet and Polish vessels, which aggregated a little over 100,000 tons both in February and March.

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15. Indian mission in Tibet to become Consulate General:
An agreement has been reached with Peiping whereby the Indian mission at Lhasa will be established as a Consulate General, according to an official of the Indian Ministry of External Affairs.

The source also stated that Indian trade agents will remain in the Tibetan towns of Yatung and Gyantse, on the trade route between India and Tibet, and that Indian troops are still posted along the trade route. [REDACTED]

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Comment: This agreement reflects both India's recognition of Chinese Communist authority in Tibet and China's interest in retaining Indian cooperation in supplying that country.

16. Treason in Vietnam army unit suspected: The American Consul was told [REDACTED] that the French chief of staff of the Southern Zone of Tonkin believed the surrender without casualties and complete with armament of two companies of Vietnam National Army troops during recent operations against the Viet Minh could only be attributed to treachery. The French officer, [REDACTED] referred to the Vietnamese in obscene language and ordered a heavy artillery barrage laid down against a nearby village, as an example, presumably, to potential traitors. [REDACTED]

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Comment: Other sources have reported instances of treachery among Vietnamese troops, although not on so large a scale.

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18. Chinese Nationalists in Burma reportedly receiving bazookas: The American Army Attache in Rangoon reports that the Burma War Office has obtained information that 200 bazookas, destined for the Chinese Nationalists in northeast Burma, have been seized by the Thai police in Bangkok after arrival there from Singapore. [REDACTED] 25X1

Comment: There have been numerous reports indicating that the Chinese Nationalists in Burma have been obtaining arms through Thailand, but this is the first indication of shipments originating in Singapore.

SOUTH ASIA

19. Strength of Sheikh Abdullah's government in Kashmir: Kashmiri Premier Sheikh Abdullah made no major concession affecting his present semi-autonomous position in the recent New Delhi conference on relations between India and Indian-held Kashmir.

This is good evidence of the strength Abdullah has developed in the past three years -- a strength not entirely to India's liking. It illustrates once more that Abdullah is a potent third force, in addition to India and Pakistan, to be considered in relation to the Kashmir issue. [REDACTED] 25X1

NEAR EAST - AFRICA

20.

[REDACTED]
[REDACTED] General Monammed Nagib is a mere figurehead for a group of the most extreme elements in the Egyptian Army. [REDACTED]
[REDACTED] the insurgents are determined to revert to violence to achieve their objectives, among which are the expulsion of the British by force and the establishment of a "Communist-Moslem Brotherhood dictatorship."

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Ambassador Caffery believes [] allegations may be exaggerated in an effort to encourage Anglo-American military intervention. Caffery warns, however, that the possibility of extremist influence on the new movement cannot be overlooked. []

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Comment: An alliance between Nagib and the Moslem Brotherhood or the Wafd Party would offer a new threat to moderate government and to Western interests. Any cooperation on the part of the small, outlawed Communist Party would be on its initiative and wholly opportunistic.

21. Britain considering expanding plan for Egyptian intervention: The British Foreign Office is now considering the possibility that it may be necessary to alter plans for intervention in Egypt if the Communists appear to be getting the upper hand, according to the British Embassy in Washington. Previously, the Embassy noted, intervention was contemplated only to save foreign lives and property. For the present, it views reports of Communist involvement in the Egyptian coup as unfounded.

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Comment: This is the first suggestion by Britain that it might use its armed forces for more than the long-standing plan for a limited protective mission in Cairo and Alexandria. Reports from Cairo agree that any Communist threat is remote.

22. French opinion tending not to oppose inclusion of Tunisian question on UN agenda: According to information reaching the Israeli UN delegation, French governmental and public opinion tends not to oppose inclusion of the Tunisian question on the agenda of the forthcoming regular session of the UN General Assembly. []

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Comment: The United States delegation in New York has reported that similar opinions have been voiced by a high official in the French delegation.

According to the American Ambassador in Paris, however, at least five ministers in the Pinay cabinet support Marshal Juin's position that France should withdraw from the United Nations if the North African issue is forced.

23. French present variation in proposed dual police system for Tangier: The French Consul General in Tangier has

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presented a variation of the much discussed plan for a dual police system for the International Zone. Under this plan, a "neutral" chief of municipal police, directly responsible to the Administrator, would have two deputies, one French and the other British, the latter charged with matters of intelligence. A rural gendarmerie would be commanded by a Spaniard, assisted by a Frenchman, and also be directly responsible to the Administrator.

France, as well as Britain and Italy, does not want Spain to have access to intelligence files which contain much material regarding Spanish residents of Tangier.

While the representatives of France, Belgium, Britain, and Italy agree in principle with the American position that a single police command should be established, they all point out that Spain would never agree to subordinating the Spanish commandant of gendarmerie to the "neutral" chief of police.

Comment: This French plan apparently excludes the re-establishment of the Mixed Intelligence Bureau, upon which the Spanish also insist, by putting intelligence matters under a British assistant chief of police. It also repudiates a previous report that France was in full agreement with Spanish proposals with regard to the establishment of a police system under a Spanish commandant.

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WESTERN EUROPE

24. East German Government announces "voluntary" labor service:
The announced formation of youth labor battalions, to be known as the "Service for Germany," is an important step in the evolution of totalitarianism in East Germany. Officially the move is designed to achieve active youth support in "Socialist reconstruction" and to prepare youth "for work and defense of the peace."

The paramilitary aspect of the new units is emphasized by the dominant role assumed by the Ministry of Interior and by the utilization of badges, uniforms, and youth camps. Probably more important, the susceptibility of East German youth to propaganda and their vulnerability to other kinds of "compulsory volunteer" service will be increased through the authorization granted the Free German Youth to recruit "volunteers" and to participate in the political education of members.

The possible augmentation of the East German labor force may also have been an important consideration in the inauguration of this thinly disguised forced-labor plan. In this connection, 25X1 East Germany has recently imposed highly discriminatory wage adjustments and has hinted at higher individual production quotas to meet its recently-announced, over-all objectives. [REDACTED]

25. West Berliners may be prohibited from buying in East Berlin: 25X1
The head of the East German labor unions is quoted to the effect that an ordinance will be issued shortly forbidding West Berlin residents to make any purchases in East Berlin. [REDACTED]

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Comment: Such an order would work severe hardship on West Berlin's lower-income groups, which buy much of their food and other household items in East Berlin. The East German Government, in an announcement on 16 July, took a step in this direction by restricting fruit and vegetable purchases in East Berlin to holders of ration tickets.

26. Communists take further steps affecting Berlin: Soviet and East German authorities are taking further measures to increase the self-sufficiency of East Berlin and directly harass West Berlin. On 24 July, officials of the Reichsbahn, operated by the

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East Germans, tried to remove machines and parts from the repair shops in the French sector of Berlin, but were stopped by French authorities. Police have been alerted in the American sector to stop similar efforts, as information has been received that the Reichsbahn intends such action preparatory to setting up a repair shop in the Soviet sector.

British authorities in Berlin received a letter from Soviet officials on 25 July stating that the Rothensee lock on the Mittelland Canal would be closed on 1 August "for urgent repair," but not stating how long it would be closed. Closing of this lock would hamper barge traffic from West Germany to Berlin, forcing it to use the Elbe River route.

Highway access to Berlin is being somewhat restricted by the slow checking of trucks, especially east-bound ones. The truck backlog at the border had averaged 20 to 40 early this year, but has now risen to around 80. Checking is slower whenever traffic becomes lighter.

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27. Consultation with smaller NATO countries urged by American officials: United States Special Representative Draper strongly urges some form of preliminary exchange of views with the smaller NATO countries to meet their vigorous criticism about the lack of consultation on international affairs of common interest. Draper considers it highly important that the United States, France, and Britain seek the views of the other NATO countries during the forthcoming Council discussion on Germany, and in the event of a new Soviet note.

Both Draper and the American Ambassador in Paris stress that the NATO countries which are also members of the European Defense Community tend to link Western policy towards Germany with ratification of the EDC treaty.

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Comment: The proposed consultation procedure would not allow the other NATO countries to participate in determining policy where the United States, Britain, and France retain primary responsibility, but would permit the smaller NATO members to express their views before these policies are finally settled.

28. France insists only additional financial aid can stave off disaster: French Premier Pinay has informed Ambassador Dunn that American refusal to finance military production on the

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scale requested by France is a disastrous blow to the entire French economy, and that France will now have to make drastic revisions in its military expenditures. [REDACTED]

Comment: Without considerable external assistance, Pinay's stop-gap economic measures will be unable to prevent large-scale retrenchment in the French standard of living, in investments, in social services, in rearmament, or in the Indochina war.

29. Democratic Socialist convention in Trieste held harmful to Italian-Yugoslav negotiations: The American Ambassador in Rome believes that if the Italian Democratic Socialist Party (PSDI) convention is held in Trieste in October, as scheduled, prospects for an Italian-Yugoslav settlement of the Trieste issue might be lessened. He has told Premier de Gasperi that any advantages accruing to the PSDI through this demonstration of its interest in Trieste would be more than offset if Italian-Yugoslav relations were thereby worsened.

De Gasperi replied that he did not think holding the convention in Trieste would create trouble. He said that if he intervened now, he would be accused of yielding to outside pressure. [REDACTED]

Comment: De Gasperi's attitude and the selection of Trieste by the Democratic Socialists, a party normally little given to nationalistic considerations, indicate the growing tendency of Italians to regard Trieste as Italian territory.

30. Denmark fears increasing Soviet pressure on NATO policy: A Foreign Office official reports that the USSR is bringing pressure to bear on Denmark because of its NATO policy, particularly with regard to airfields. He cited among other things the recent Pravda article which attacked the Danish plans for NATO naval bases. The official expects Soviet pressure to increase. [REDACTED]

Comment: Since early May, Danish cabinet members have been preparing the public for the ultimate admission of Allied troops to man NATO airfields. Many Danish officials fear, however, that Soviet protests might force the government to state categorically that foreign troops will not be stationed in Denmark.

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TO THE CURRENT INTELLIGENCE DIGEST

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GENERAL

1. Britain now recommends reply to Soviet note on Trieste: The British Foreign Office believes that the United States and Britain should reply briefly to the Soviet note of 24 June denying the Soviet allegation that the Anglo-American agreement with Italy on administrative adjustments in Zone A violates the Italian peace treaty.

Britain considers it is advisable to answer Soviet notes for which there is an effective reply, and believes that the proposed note will not evoke unfavorable reactions from Italy or Yugoslavia.

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WESTERN EUROPE

2. Portugal threatens to abandon NATO unless basic defense needs are met: The US Ambassador reports that Portugal informed MAAG officials on 3 July that it would be defenseless unless it had five jet fighter squadrons, and that it would prefer to abandon NATO rather than submit to a reduction of this figure to three, as now planned by the United States.

The Ambassador adds that in order to satisfy minimum Portuguese demands the five-squadron program may have to be restored and two additional squadrons provided for the Azores, since Lisbon does not wish to assign the defense of these islands to a foreign country.

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Comment: This is the first official confirmation of previous reports that the Portuguese have contemplated the possibility of withdrawing from NATO unless the Western powers meet what they feel are the security needs of the Iberian

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